

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Kingsley	County Grand Traverse
Audit Date 2/29/04	Opinion Date 5/16/04	Date Accountant Report Submitted to State: 8/26/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

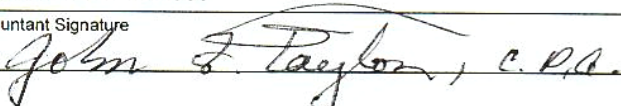
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date 8/25/04

VILLAGE OF KINGSLEY, MICHIGAN

FEBRUARY 29, 2004

VILLAGE OF KINGSLEY, MICHIGAN
FEBRUARY 29, 2004

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CERTIFIED PUBLIC ACCOUNTANTS

May 18, 2004

INDEPENDENT AUDITORS' REPORT

To the President and Village Council
Village of Kingsley, Michigan

We have audited the accompanying general-purpose financial statements of the Village of Kingsley, Michigan, as of and for the year ended February 29, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Village of Kingsley, Michigan's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Kingsley, Michigan, as of February 29, 2004, and the results of its operations and the cash flows of its proprietary and similar trust fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Village of Kingsley, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

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VILLAGE OF KINGSLEY, MICHIGAN
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

FEBRUARY 29, 2004

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)
<u>ASSETS AND OTHER DEBITS</u>									
<u>ASSETS</u>									
Cash	\$ 344,358	\$ 28,520	\$ 39,967	\$ 418,845	\$ 45,337	\$ 70,639	\$ 0	\$ 0	\$ 947,666
Investments	0	0	0	0	0	711,116	0	0	711,116
Receivables (Net, Where Applicable, of Uncollectibles)									
Taxes	642	0	0	0	0	0	0	0	642
Accounts	14,770	0	0	29,258	0	0	0	0	44,028
Accrued Interest	0	0	0	0	0	7,494	0	0	7,494
Due from Other Funds	17,685	0	0	6,520	0	0	0	0	24,205
Due from Other Governments	23,686	28,131	0	0	0	0	0	0	51,817
Prepaid Expenses	0	0	0	4,530	2,658	0	0	0	7,188
Restricted Assets									
Cash	0	0	0	297,824	0	0	0	0	297,824
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	2,402,369	157,312	0	565,611	0	3,125,292
Loan Fees (Net of Accumulated Amortization)	0	0	0	0	875	0	0	0	875
<u>OTHER DEBITS</u>									
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	0	0	109,535	109,535
TOTAL ASSETS AND OTHER DEBITS	\$ 401,141	\$ 56,651	\$ 39,967	\$ 3,159,346	\$ 206,182	\$ 789,249	\$ 565,611	\$ 109,535	\$ 5,327,682
<u>LIABILITIES</u>									
Accounts Payable	\$ 8,327	\$ 10,531	\$ 0	\$ 51,871	\$ 1,975	\$ 0	\$ 0	\$ 0	\$ 72,704
Customer Deposits	3,750	0	0	2,278	0	0	0	0	6,028
Payable from Restricted Assets									
Current Portion of Revenue Bonds	0	0	0	35,000	0	0	0	0	35,000
Accrued Revenue Bond Interest	0	0	0	8,116	0	0	0	0	8,116
Due to Other Funds	20	6,707	0	15,296	2,182	0	0	0	24,205

The accompanying notes are an integral part of these financial statements.

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
Accrued Liabilities	7,560	0	0	0	0	0	0	0	7,560
Installment Purchase Agreements	0	0	0	0	28,848	0	0	96,507	125,355
Revenue Bonds Payable	0	0	0	358,467	0	0	0	0	358,467
Accumulated Compensated Absences	0	0	0	0	0	0	0	13,028	13,028
Total Liabilities	\$ 19,657	\$ 17,238	\$ 0	\$ 471,028	\$ 33,005	\$ 0	\$ 0	\$ 109,535	\$ 650,463
<u>EQUITY AND OTHER CREDITS</u>									
Contributed Capital	\$ 0	\$ 0	\$ 0	\$ 1,863,777	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,863,777
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 565,611	\$ 0	\$ 565,611
Retained Earnings	\$ 0	\$ 0	\$ 0	\$ 824,541	\$ 173,177	\$ 0	\$ 0	\$ 0	\$ 997,718
Fund Balance									
Reserved for:									
Endowments	0	0	0	0	0	709,190	0	0	709,190
Civic Improvements	0	0	0	0	0	80,059	0	0	80,059
Unreserved	381,484	39,413	39,967	0	0	0	0	0	460,864
Total Retained Earnings/Fund Balances	\$ 381,484	\$ 39,413	\$ 39,967	\$ 824,541	\$ 173,177	\$ 789,249	\$ 0	\$ 0	\$ 2,247,831
Total Fund Equity	\$ 381,484	\$ 39,413	\$ 39,967	\$ 2,688,318	\$ 173,177	\$ 789,249	\$ 565,611	\$ 0	\$ 4,677,219
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 401,141	\$ 56,651	\$ 39,967	\$ 3,159,346	\$ 206,182	\$ 789,249	\$ 565,611	\$ 109,535	\$ 5,327,682

The accompanying notes are an integral part of these financial statements.

VILLAGE OF KINGSLEY, MICHIGANCOMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPESYEAR ENDED FEBRUARY 29, 2004

	<u>GOVERNMENTAL FUND TYPES</u>			<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>(MEMORANDUM ONLY)</u>
<u>REVENUES</u>				
Taxes	\$ 197,946	\$ 0	\$ 0	\$ 197,946
Licenses and Permits	8,798	0	0	8,798
Contributions from Other Local Units of Government	0	0	77,000	77,000
State Grants	138,858	105,941	0	244,799
Interest and Rents	4,891	320	252	5,463
Other Revenue	120,109	0	37,150	157,259
Total Revenues	<u>\$ 470,602</u>	<u>\$ 106,261</u>	<u>\$ 114,402</u>	<u>\$ 691,265</u>
<u>EXPENDITURES</u>				
Legislative	\$ 12,596	\$ 0	\$ 0	\$ 12,596
General Government	249,740	0	0	249,740
Public Safety	7,373	0	0	7,373
Public Works	57,698	99,611	0	157,309
Planning	5,874	0	0	5,874
Recreation and Cultural	12,563	0	110,125	122,688
Other Functions	74,588	0	0	74,588
Total Expenditures	<u>\$ 420,432</u>	<u>\$ 99,611</u>	<u>\$ 110,125</u>	<u>\$ 630,168</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 50,170</u>	<u>\$ 6,650</u>	<u>\$ 4,277</u>	<u>\$ 61,097</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	\$ 0	\$ 14,500	\$ 1,000	\$ 15,500
Operating Transfers Out	(16,000)	(7,500)	0	(23,500)
Residual Equity Transfers Out	(6,634)	(6,633)	0	(13,267)
Total Other Financing Sources (Uses)	<u>\$ (22,634)</u>	<u>\$ 367</u>	<u>\$ 1,000</u>	<u>\$ (21,267)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 27,536</u>	<u>\$ 7,017</u>	<u>\$ 5,277</u>	<u>\$ 39,830</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>353,948</u>	<u>32,396</u>	<u>34,690</u>	<u>421,034</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 381,484</u>	<u>\$ 39,413</u>	<u>\$ 39,967</u>	<u>\$ 460,864</u>

The accompanying notes are an integral part of these financial statements.

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VILLAGE OF KINGSLEY, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCESBUDGET AND ACTUALGENERAL AND SPECIAL REVENUE FUND TYPESYEAR ENDED FEBRUARY 29, 2004

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE	BUDGET	ACTUAL	VARIANCE- FAVORABLE
			(UNFAVORABLE)			(UNFAVORABLE)
<u>REVENUES</u>						
Taxes	\$ 180,000	\$ 197,946	\$ 17,946	\$ 0	\$ 0	\$ 0
Licenses and Permits	7,100	8,798	1,698	0	0	0
State Grants	155,000	138,858	(16,142)	82,000	105,941	23,941
Interest and Rents	2,000	4,891	2,891	680	320	(360)
Other Revenue	102,250	120,109	17,859	0	0	0
Total Revenues	\$ 446,350	\$ 470,602	\$ 24,252	\$ 82,680	\$ 106,261	\$ 23,581
<u>EXPENDITURES</u>						
Legislative	\$ 25,000	\$ 12,596	\$ 12,404	\$ 0	\$ 0	\$ 0
General Government	297,500	249,740	47,760	0	0	0
Public Safety	15,000	7,373	7,627	0	0	0
Public Works	135,000	57,698	77,302	157,680	99,611	58,069
Planning	15,000	5,874	9,126	0	0	0
Recreation and Cultural	15,000	12,563	2,437	0	0	0

The accompanying notes are an integral part of these financial statements.

	GENERAL FUND			SPECIAL REVENUE FUNDS		
			VARIANCE- FAVORABLE (UNFAVORABLE)			VARIANCE- FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL		BUDGET	ACTUAL	
Other Functions	230,850	74,588	156,262	0	0	0
Capital Outlay	10,000	0	10,000	0	0	0
Total Expenditures	\$ 743,350	\$ 420,432	\$ 322,918	\$ 157,680	\$ 99,611	\$ 58,069
Excess (Deficiency) of Revenues Over Expenditures	\$ (297,000)	\$ 50,170	\$ 347,170	\$ (75,000)	\$ 6,650	\$ 81,650
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfers In	\$ 2,000	\$ 0	\$ (2,000)	\$ 60,500	\$ 14,500	\$ (46,000)
Operating Transfers Out	(95,000)	(16,000)	79,000	(7,500)	(7,500)	0
Residual Equity Transfers Out	0	(6,634)	(6,634)	0	(6,633)	(6,633)
Total Other Financing Sources (Uses)	\$ (93,000)	\$ (22,634)	\$ 70,366	\$ 53,000	\$ 367	\$ (52,633)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (390,000)	\$ 27,536	\$ 417,536	\$ (22,000)	\$ 7,017	\$ 29,017
<u>FUND BALANCE</u> - Beginning of Year	390,000	353,948	(36,052)	22,000	32,396	10,396
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 381,484	\$ 381,484	\$ 0	\$ 39,413	\$ 39,413

The accompanying notes are an integral part of these financial statements.

VILLAGE OF KINGSLEY, MICHIGANCOMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDSYEAR ENDED FEBRUARY 29, 2004

	FIDUCIARY			TOTALS
	PROPRIETARY FUND TYPES		FUND TYPE	(MEMORANDUM
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	ONLY)
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 346,849	\$ 57,073	\$ 0	\$ 403,922
Investment Income	0	0	8,348	8,348
Oil and Gas Royalties	0	0	8,262	8,262
Total Operating Revenues	<u>\$ 346,849</u>	<u>\$ 57,073</u>	<u>\$ 16,610</u>	<u>\$ 420,532</u>
<u>OPERATING EXPENSES</u>				
Salaries and Wages	\$ 66,559	\$ 14,255	\$ 0	\$ 80,814
Workers' Compensation	0	483	0	483
Gasoline and Oil	0	4,846	0	4,846
Contracted Services	16,047	0	0	16,047
Operating Supplies	6,374	0	0	6,374
Postage and Office Supplies	1,628	710	0	2,338
Professional Services	3,344	400	0	3,744
Legal Fees	7,281	0	0	7,281
Education and Training	540	0	0	540
Communications	295	776	0	1,071
Printing and Publishing	647	0	0	647
Insurance	7,377	2,962	0	10,339
Utilities	20,864	0	0	20,864
Repairs and Maintenance	21,239	10,125	0	31,364
Equipment Rental	21,473	0	0	21,473

The accompanying notes are an integral part of these financial statements.

	FIDUCIARY			TOTALS (MEMORANDUM ONLY)
	PROPRIETARY FUND TYPES		FUND TYPE	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
Testing	7,422	0	0	7,422
Bank Service Charges	2,107	0	0	2,107
Dues	1,593	0	0	1,593
Miscellaneous	708	0	0	708
Amortization	1,301	583	0	1,884
Depreciation	97,653	20,417	0	118,070
Trustee Fees	0	0	5,000	5,000
Total Operating Expenses	\$ 284,452	\$ 55,557	\$ 5,000	\$ 345,009
Operating Income (Loss)	\$ 62,397	\$ 1,516	\$ 11,610	\$ 75,523
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Wellhead Protection Grant	\$ 12,988	\$ 0	\$ 0	\$ 12,988
Interest Income	11,571	735	0	12,306
Interest Expense	(23,744)	(2,231)	0	(25,975)
Lease Income	8,645	0	0	8,645
User Contributions	50,325	0	0	50,325
Gain (Loss) on Sale of Assets	50	4,515	18,226	22,791
Total Nonoperating Revenues (Expenses)	\$ 59,835	\$ 3,019	\$ 18,226	\$ 81,080
Income (Loss) Before Operating Transfers	\$ 122,232	\$ 4,535	\$ 29,836	\$ 156,603
<u>OTHER FINANCE SOURCE (USES)</u>				
Operating Transfers In	0	21,267	0	21,267
Net Income	\$ 122,232	\$ 25,802	\$ 29,836	\$ 177,870
Depreciation on Fixed Assets Acquired by Grants and Shared Revenues Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital	68,938	0	0	68,938
<u>RETAINED EARNINGS/FUND BALANCE</u> - Beginning of Year	633,371	147,375	759,413	1,540,159
<u>RETAINED EARNINGS/FUND BALANCE</u> - End of Year	\$ 824,541	\$ 173,177	\$ 789,249	\$ 1,786,967

The accompanying notes are an integral part of these financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

YEAR ENDED FEBRUARY 29, 2004

	<u>PROPRIETARY FUND TYPES</u>		<u>FIDUCIARY FUND TYPE</u>	<u>TOTALS</u>
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>NONEXPENDABLE TRUST</u>	<u>(MEMORANDUM ONLY)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ 62,397	\$ 1,516	\$ 29,836	\$ 93,749
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	98,954	21,000	0	119,954
(Gain) Loss on Sale of Investments	(50)	0	(18,226)	(18,276)
Unrealized (Gain) Loss on Investments	0	0	25,315	25,315
(Increase) Decrease in Current Assets				
Accounts Receivable	664	0	(773)	(109)
Prepaid Expenses	(945)	(336)	0	(1,281)
Due from Other Funds	(6,500)	0	0	(6,500)
Increase (Decrease) in Current Liabilities				
Accounts Payable	44,815	612	0	45,427
Customer Deposits	(2,244)	0	0	(2,244)
Due to Other Funds	(24,225)	0	0	(24,225)
Net Cash Provided by Operating Activities	<u>\$ 172,866</u>	<u>\$ 22,792</u>	<u>\$ 36,152</u>	<u>\$ 231,810</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Increase (Decrease) in Current Liabilities (Payable from Restricted Assets)				
Accrued Interest Payable	\$ (617)	\$ 0	\$ 0	\$ (617)
User Contributions	50,325	0	0	50,325
Principal Paid on Note Payable	0	(38,769)	0	(38,769)
Interest on Loans Payable	0	(2,231)	0	(2,231)

The accompanying notes are an integral part of these financial statements.

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	(MEMORANDUM ONLY)
Acquisition and Construction of Capital Assets	(100,262)	(41,309)	0	(141,571)
Proceeds from Sale of Fixed Assets	0	4,515	0	4,515
Wellhead Protection	12,988	0	0	12,988
Principal Paid on Revenue Bonds	(35,000)	0	0	(35,000)
Interest on Revenue Bonds	(23,744)	0	0	(23,744)
Lease Income	8,645	0	0	8,645
Net Cash Used for Capital and Related Financing Activities	\$ (87,665)	\$ (77,794)	\$ 0	\$ (165,459)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest on Investments	\$ 11,571	\$ 735	\$ 0	\$ 12,306
Proceeds from Sale of Investments	0	0	1,242,400	1,242,400
Purchase of Investments	0	0	(1,251,849)	(1,251,849)
Net Cash Provided (Used) by Investing Activities	\$ 11,571	\$ 735	\$ (9,449)	\$ 2,857
<u>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</u>				
Operating Transfers In from Other Funds	\$ 0	\$ 21,267	\$ 0	\$ 21,267
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 96,772	\$ (33,000)	\$ 26,703	\$ 90,475
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	619,897	78,337	43,936	742,170
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 716,669	\$ 45,337	\$ 70,639	\$ 832,645
Interest paid during the year	\$ 24,068	\$ 2,231	\$ 0	\$ 26,299

The accompanying notes are an integral part of these financial statements.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Kingsley, Michigan, is a general law village incorporated under the General Village Act of 1895. As required by generally accepted accounting principles, these financial statements present all activities of the Village. Entities for which the Village is considered to be financially accountable are called component units. The Village has no component units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Village are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Village has the following fund types and account groups:

GOVERNMENTAL FUNDS are used to account for the Village's general government activities. Governmental fund types use the flow of financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Gasoline taxes collected and held by the state at year end on behalf of the Village are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the Village and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specified purposes.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

PROPRIETARY FUNDS are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements issued through November 30, 1989, in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

FIDUCIARY FUNDS account for assets held by the Village in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the Village under the terms of a formal trust agreement.

The Nonexpendable Trust Fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent.

ACCOUNT GROUPS

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary or trust funds.

The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Village's investment policy is in accordance with state law and authorizes investments in the following instruments:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- (c) Bankers' acceptances of United States banks.
- (d) Mutual funds registered under the Investment Company Act of 1940 with the intention to maintain a \$1.00 per share net asset value and purchase only investment vehicles that are legal for direct investment by a public corporation.
- (e) Obligations described in subdivisions a through d, as named above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967.
- (f) Investment pools organized under the Local Government Pool Act, 121 of 1985.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Property taxes attach as an enforceable lien on the property as of the date they are levied. Village taxes are levied and due July 1, and become delinquent after September 15. Village property tax revenues are recognized when they become both measurable and available for use to finance Village operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

3. Inventories and Prepaid Items

Inventories are recorded at the lower of cost (first-in, first-out) or market value.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Portions of the Village's water and sewer fund revenues that are set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by bond and/or revenue ordinances. The "bond and interest redemption" accounts are used to report resources that are set aside for making current debt service payments. The "bond reserve" accounts are used to report resources set aside to subsidize potential deficiencies from operations that could adversely affect the ability to make debt service payments. The "capital improvement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the General Fixed Assets Account Group or capitalized in the proprietary funds.

Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized in the proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated in the proprietary funds of the government using the straight-line method over the following estimated useful lives:

Buildings and Structures	33-50 Years
Wells and Pumps	20 Years
Equipment	7-20 Years

6. Compensated Absences

It is the Village's policy to permit employees to accumulate unpaid vacation and sick pay benefits. Such benefits that are expected to be liquidated with available expendable resources are reported as expenditures and a fund liability in the governmental funds that will pay them. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

7. Long-Term Obligations

The Village reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

8. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

9. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

11. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

1. By March 1, the clerk submits proposed operating budgets to the Village Council for all funds of the Village for the fiscal year.
2. The Village Council holds a public hearing and adopts a resolution approving the budgets.
3. All transfers of budget amounts between departments within any fund and any revisions that alter the total expenditures of any fund must be approved by the Village Council.
4. During the year, the budget is monitored and amendments to the budget are made when it is deemed necessary.
5. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year-end. Budgeted amounts are as originally adopted, or as amended by the Village Council from time to time throughout the year in a legally permissible manner.
6. Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village because, at present, it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Village's deposits was \$1,245,440 and the bank balance was \$1,292,708. Of the bank balance, \$856,216 was covered by federal depository insurance and \$436,492 was uninsured and uncollateralized.

The Oil, Gas and Mineral Trust Fund's deposits and investments are uninsured and unregistered investments for which the securities are held by Northwestern Bank and Trust trust department in the Village's name. The amounts of such deposits and investments at year-end are shown below and are reported at fair value as determined by Northwestern Bank and Trust.

	COST	FAIR VALUE
Trust Cash	\$ 70,639	\$ 70,639
U.S. Treasury Notes	50,236	51,297
Federal Home Loan Mortgage Corp	124,938	125,778
Federal Home Loan Bank	177,785	178,375

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

Federal Farm Credit Bank	199,563	202,470
Federal National Mortgage Association	47,235	48,992
Federal Home Loan Mortgage Association	50,000	50,469
Mutual Funds	53,316	53,735
	<u>\$ 773,712</u>	<u>\$ 781,755</u>

B. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at February 29, 2004, were:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 17,685	\$ 20
Special Revenue Funds		
Major Street Fund	0	207
Local Street Fund	0	6,500
Enterprise Funds		
Water Fund	20	14,152
Sewer Fund	6,500	1,144
Internal Service Fund		
Equipment Fund	0	2,182
	<u>\$ 24,205</u>	<u>\$ 24,205</u>

C. Due from Other Governments

The \$51,817 due from other governments represents receivables from the State of Michigan for various state revenue sharing payments received within sixty days of the balance sheet date.

D. Fixed Assets

Activity in the general fixed assets account group for the Village for the year ended February 29, 2004, was as follows:

	<u>BALANCE 3/01/03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 2/29/2004</u>
Land	\$ 38,329	\$ 0	\$ 0	\$ 38,329
Buildings	94,501	0	0	94,501
Land Improvements	198,583	112,687	0	311,270
Machinery and Equipment	19,279	14,690	0	33,969

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2004

Fire Equipment	65,097	0	0	65,097
Office Equipment	21,775	670	0	22,445
	<hr/>			
\$	437,564	\$ 128,047	\$ 0	\$ 565,611
	<hr/>			

The following is a summary of proprietary fund type fixed assets for the Village at February 29, 2004:

	ENTERPRISE	INTERNAL SERVICE
Land and Land Improvements	\$ 257,304	\$ 0
Machinery and Equipment	4,355,863	292,401
Total	\$ 4,613,167	\$ 292,401
Less Accumulated Depreciation	(2,210,798)	(135,089)
Total	\$ 2,402,369	\$ 157,312

E. Long-Term Debt

The following is a summary of the long-term debt transactions of the Village for the year ended February 29, 2004:

	REVENUE BONDS	INSTALLMENT PURCHASE AGREEMENTS	COMPENSATED ABSENCES	TOTAL
Long-Term Debt Payable at March 1, 2003	\$ 435,000	\$ 184,143	\$ 8,154	\$ 627,297
Increase in Debt	0	0	4,874	4,874
Long-Term Debt Retired	(35,000)	(58,788)	0	(93,788)
Long-Term Debt Payable at February 29, 2004	\$ 400,000	\$ 125,355	\$ 13,028	\$ 538,383

Long-term debts at February 29, 2004, are comprised of the following individual amounts:

Revenue Bonds:

\$215,000 Sanitary Sewer System Refunding Bonds, due in annual installments of \$15,000 to \$20,000 through June 1, 2013; plus interest at 4.75% to 4.80%	\$ 160,000
\$410,000 Water Revenue Bonds due in annual installments of \$20,000 to \$30,000 through October 1, 2012; plus interest at 6.00% to 6.30%	240,000

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Installment Purchase Agreements:

\$135,800 Street Scape Installment Purchase Agreement payable in monthly installments of \$2,070 including interest at 4.60%. The Village has been paying an extra \$2,100 per month on the principal. 96,507

\$50,385 Installment Loan secured by an L8500 truck payable in monthly installments of \$942 including interest at 4.60%. 10,356

\$45,500 Installment Loan secured by a Komatsu Loader payable in monthly installments of \$1,348 including interest at 4.23%. 18,492

Other Long-Term Debt

Accumulated sick and vacation pay owed to Village employees 13,028

Total \$ 538,383

The annual requirements to amortize these debts outstanding other than compensated absences as of February 29, 2004, including interest payments of \$150,370, are as follows:

YEAR ENDING
FEBRUARY 28,

2005	\$ 112,872
2006	88,416
2007	85,245
2008	83,000
2009	61,326
2010	58,276
2011 to 2014	<u>186,590</u>
	<u>\$ 675,725</u>

IV. OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Village participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and worker's disability compensation. The pools are considered public entity risk pools. The Village pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all

VILLAGE OF KINGSLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The Village has not been informed of any special assessments being required for the current year or the three prior years.

The Village continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.

B. Segment Information - Enterprise Funds

The Village maintains two enterprise funds. The Water Fund and Sanitary Sewer System Fund account for the provision of basic utility services for all citizens. Selected segment information for the year ended February 29, 2004, is as follows:

	WATER FUND	SANITARY SEWER SYSTEM FUND	TOTAL
Operating Revenues	\$ 157,337	\$ 185,480	\$ 342,817
Depreciation/Amortization	30,650	67,003	97,653
Operating Income (Loss)	32,954	29,443	62,397
Nonoperating Revenues (Expenses)	19,463	40,372	59,835
Net Income (Loss)	52,417	69,815	122,232
Current Capital Contributions	19,701	30,624	50,325
Fixed Asset Additions	7,143	93,119	100,262
Net Working Capital	82,712	306,996	389,708
Total Assets	931,202	2,228,144	3,159,346
Bonds Payable	240,000	160,000	400,000
Total Equity	662,688	2,025,630	2,688,318

C. Retirement Benefits

Retirement benefits are provided to full-time Village employees through contributions to individual retirement accounts. Such contributions equal five percent of each employee's base pay. Individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which would be included as part of the Village reporting entity. Covered wages were \$85,860 and total wages were \$166,778.

D. Interest Income and Expense

For the year ended February 29, 2004, total interest/investment income was \$26,117 and total interest expense was \$30,881.

VILLAGE OF KINGSLEY, MICHIGANGENERAL FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,ASSETS

	2004	2003
Cash		
Checking Account	\$ 194,650	\$ 151,397
Savings Accounts and Certificates of Deposit	149,658	138,684
Imprest (petty)	50	50
Receivables		
Taxes	642	445
Accounts	14,770	8,065
Due from Other Governments	23,686	27,040
Due from Other Funds		
Major Street Fund	207	207
Sewer Fund	1,144	2,394
Water Fund	14,152	3,127
Equipment Fund	2,182	2,182
Advance to Water Fund	0	34,000
TOTAL ASSETS	<u>\$ 401,141</u>	<u>\$ 367,591</u>

LIABILITIES AND FUND BALANCELIABILITIES

Accounts Payable	\$ 8,327	\$ 6,560
Due to Other Funds		
Water Fund	20	20
Customer Deposits	3,750	0
Payroll Deductions Payable	1,049	1,252
Accrued Wages	5,774	5,084
Accrued Taxes Payable	737	727
Total Liabilities	\$ 19,657	\$ 13,643

FUND BALANCE

Unreserved	\$ 381,484	\$ 339,796
Reserved for Advances	0	14,152
Total Fund Balance	<u>\$ 381,484</u>	<u>\$ 353,948</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 401,141</u>	<u>\$ 367,591</u>
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VILLAGE OF KINGSLEY, MICHIGANGENERAL FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEYEAR ENDED FEBRUARY 29,

<u>REVENUES</u>	2004	2003
Taxes	\$ 197,946	\$ 182,732
Licenses and Permits	8,798	10,623
Grants From Other Local Units of Government	0	19,022
State Grants	138,858	155,018
Interest and Rents	4,891	5,953
Other Revenues	120,109	110,334
Total Revenues	\$ 470,602	\$ 483,682
<u>EXPENDITURES</u>		
Legislative	\$ 12,596	\$ 28,086
General Government	249,740	202,224
Public Safety	7,373	9,488
Public Works	57,698	58,177
Health and Welfare	0	5,000
Planning	5,874	3,147
Recreation and Cultural	12,563	34,696
Other Functions	74,588	71,873
Total Expenditures	\$ 420,432	\$ 412,691
Excess of Revenues Over (Under) Expenditures	\$ 50,170	\$ 70,991
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers Out	\$ (16,000)	\$ (11,839)
Residual Equity Transfer Out	(6,634)	0
Total Other Financing Sources (Uses)	\$ (22,634)	\$ (11,839)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	\$ 27,536	\$ 59,152
<u>FUND BALANCE</u> - Beginning of Year	353,948	294,796
<u>FUND BALANCE</u> - End of Year	\$ 381,484	\$ 353,948

VILLAGE OF KINGSLEY, MICHIGANGENERAL FUND
COMPARATIVE ANALYSIS OF REVENUESYEAR ENDED FEBRUARY 29,

	2004	2003
<u>TAXES</u>		
Current Property Tax	\$ 193,779	\$ 179,464
Delinquent Property Tax	308	0
Property Tax Administration Fee	966	910
Trailer Park Fees	2,879	2,334
Penalties and Interest	14	24
Total Taxes	<u>\$ 197,946</u>	<u>\$ 182,732</u>
<u>LICENSES AND PERMITS</u>		
Land Use Permits	\$ 845	\$ 710
Franchise Fees	7,953	9,913
Total Licenses and Permits	<u>\$ 8,798</u>	<u>\$ 10,623</u>
<u>GRANTS FROM OTHER LOCAL UNITS OF GOVERNMENTS</u>		
Grand Traverse County - Environmental Study	<u>\$ 0</u>	<u>\$ 19,022</u>
<u>STATE GRANTS</u>		
Sales Tax	<u>\$ 138,858</u>	<u>\$ 155,018</u>
<u>INTEREST AND RENTS</u>		
Interest	<u>\$ 4,891</u>	<u>\$ 5,953</u>
<u>OTHER REVENUE</u>		
Wage Reimbursements	\$ 101,666	\$ 96,843
Ordinances	670	300
Contributions From Private Sources	14,000	10,265
Refunds and Miscellaneous	3,773	2,926
Total Other Revenue	<u>\$ 120,109</u>	<u>\$ 110,334</u>
 TOTAL REVENUES	 <u><u>\$ 470,602</u></u>	 <u><u>\$ 483,682</u></u>

VILLAGE OF KINGSLEY, MICHIGANGENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURESYEAR ENDED FEBRUARY 29,

	2004	2003
<u>LEGISLATIVE</u>		
Village Council		
Salaries and Wages		
Council	\$ 5,981	\$ 19,920
Office Supplies	46	94
Membership and Dues	0	11
Professional Services	5,247	4,221
Contracted Services	0	1,197
Transportation	19	0
Printing and Publishing	1,059	2,191
Miscellaneous	244	452
Total Legislative	<u>\$ 12,596</u>	<u>\$ 28,086</u>
<u>GENERAL GOVERNMENT</u>		
Manager		
Salaries and Wages	\$ 46,377	\$ 43,548
Office Supplies	28	165
Communications	560	319
Transportation	826	581
Printing and Publishing	311	868
Repairs and Maintenance	0	174
Dues and Fees	1,870	1,393
Education and Training	279	645
Miscellaneous	0	271
Elections		
Salaries and Wages	601	443
Office Supplies	56	39
Operating Supplies	0	285
Professional Services	341	53
Printing and Publishing	53	337
Miscellaneous	0	88
Independent Audit		
Professional Services	2,545	3,195
Attorney		
Legal Fees	8,334	4,795

VILLAGE OF KINGSLEY, MICHIGANGENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURESYEAR ENDED FEBRUARY 29,

	2004	2003
Village Clerk's Office		
Salaries and Wages	17,996	9,345
Office Supplies	2,137	1,834
Postage	1,914	2,066
Operating Supplies	1,078	1,455
Professional Fees	511	279
Contracted Services	0	10
Communications	0	5
Transportation	26	0
Printing and Publishing	0	1,368
Repairs and Maintenance	309	0
Miscellaneous	264	63
Dues and Fees	55	85
Capital Outlay	670	1,599
Downtown Development Authority		
Supplies	11	0
Professional Services	16,870	0
Contracted Services	1,535	0
Printing and Publishing	546	0
Education and Training	60	0
Dues and Fees	100	0
Treasurer's Office		
Salaries and Wages	852	980
Office Supplies	399	0
Contracted Services	315	300
Printing and Publishing	0	345
Miscellaneous	0	3
Buildings and Grounds - Village Hall		
Salaries and Wages	89,574	80,506
Office Supplies	0	24
Operating Supplies	2,197	2,975
Professional Fees	6,018	11,614
Contracted Services	4,322	822
Communications	4,570	4,770
Utilities	6,879	3,985
Repairs and Maintenance	1,715	596
Equipment Rental	18,454	19,891

VILLAGE OF KINGSLEY, MICHIGANGENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURESYEAR ENDED FEBRUARY 29,

	2004	2003
Miscellaneous	412	105
Dues and Fees	180	0
Capital Outlay	7,590	0
Total General Government	\$ 249,740	\$ 202,224

PUBLIC SAFETY

Aid to Other Governmental Units	\$ 7,373	\$ 9,488
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PUBLIC WORKS

Department of Public Works

Wages	\$ 1,173	\$ 2,431
Office Supplies	77	112
Operating Supplies	304	881
Professional Services	230	218
Contracted Services	385	61
Communications	1,275	1,344
Transportation	330	244
Printing and Publishing	364	0
Hydrant Maintenance	37,542	31,906
Clothing Allowance	803	0
Uniforms	0	462

Street Lighting

Utilities	9,569	9,718
Repair and Maintenance	300	0
Capital Outlay	5,346	10,800
Total Public Works	\$ 57,698	\$ 58,177

HEALTH AND WELFARE

Ambulance

Aid to Other Governmental Units	\$ 0	\$ 5,000
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VILLAGE OF KINGSLEY, MICHIGANGENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURESYEAR ENDED FEBRUARY 29,

	2004	2003
<u>PLANNING</u>		
Planning and Zoning Board		
Salaries and Wages	\$ 3,925	\$ 2,998
Professional Services	150	0
Printing and Publishing	871	0
Supplies	13	20
Miscellaneous	0	54
Education and Training	915	75
Total Planning	<u>\$ 5,874</u>	<u>\$ 3,147</u>
<u>RECREATION AND CULTURAL</u>		
Parks and Recreation		
Professional Services	\$ 1,091	\$ 19,022
Contracted Services	1,685	2,721
Printing and Publishing	97	66
Education and Training	0	85
Transportation	0	22
Capital Outlay	9,690	12,780
Total Recreation and Cultural	<u>\$ 12,563</u>	<u>\$ 34,696</u>
<u>OTHER FUNCTIONS</u>		
Fringe Benefits		
Social Security	\$ 10,278	\$ 9,950
Medicare	2,404	2,327
Health and Life Insurance	20,204	16,936
Retirement	4,293	3,737
Workers Compensation	936	4,381
Insurance		
Property and Liability Insurance	11,248	9,322
Other		
Miscellaneous	10	20
Loan Principal Payments	20,019	19,275
Interest Expense	5,196	5,925
Total Other Functions	<u>\$ 74,588</u>	<u>\$ 71,873</u>
TOTAL EXPENDITURES	<u>\$ 420,432</u>	<u>\$ 412,691</u>

VILLAGE OF KINGSLEY, MICHIGANGENERAL FUNDCOMPARATIVE ANALYSIS OF OTHER FINANCING SOURCES (USES)YEAR ENDED FEBRUARY 29,

	<u>2004</u>	<u>2003</u>
<u>OTHER FINANCING (USES)</u>		
Operating Transfers Out		
Major Street Fund	\$ 0	\$ 4,339
Local Street Fund	7,000	7,500
Recreational Complex Capital Project Fund	1,000	0
Equipment Fund	8,000	0
Residual Equity Transfer Out		
Equipment Fund	6,634	0
Total Other Financing (Uses)	<u>\$ 22,634</u>	<u>\$ 11,839</u>

VILLAGE OF KINGSLEY, MICHIGANSPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETFEBRUARY 29, 2004
WITH COMPARATIVE TOTALS FOR FEBRUARY 28, 2003

	MAJOR STREET FUND	LOCAL STREET FUND	TOTALS (MEMORANDUM ONLY)	
			2004	2003
<u>ASSETS</u>				
Cash	\$ 25,721	\$ 2,799	\$ 28,520	\$ 13,330
Due from Other Governments	17,041	11,090	28,131	20,820
TOTAL ASSETS	<u>\$ 42,762</u>	<u>\$ 13,889</u>	<u>\$ 56,651</u>	<u>\$ 34,150</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 7,496	\$ 3,035	\$ 10,531	\$ 1,547
Due to Other Funds	207	6,500	6,707	207
Total Liabilities	\$ 7,703	\$ 9,535	\$ 17,238	\$ 1,754
<u>FUND BALANCE</u>				
Unreserved	35,059	4,354	39,413	32,396
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 42,762</u>	<u>\$ 13,889</u>	<u>\$ 56,651</u>	<u>\$ 34,150</u>

VILLAGE OF KINGSLEY, MICHIGANSPECIAL REVENUE FUNDSCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESYEAR ENDED FEBRUARY 29, 2004WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003

	MAJOR STREET FUND	LOCAL STREET FUND	TOTALS (MEMORANDUM ONLY)	
			2004	2003
<u>REVENUES</u>				
State Grants	\$ 73,518	\$ 32,423	\$ 105,941	\$ 91,443
Federal Grants	0	0	0	264
Interest and Rents	266	54	320	615
Miscellaneous	0	0	0	146
Total Revenues	\$ 73,784	\$ 32,477	\$ 106,261	\$ 92,468
<u>EXPENDITURES</u>				
Public Works	49,841	49,770	99,611	118,918
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,943	\$ (17,293)	\$ 6,650	\$ (26,450)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	\$ 0	\$ 14,500	\$ 14,500	\$ 19,339
Operating Transfers Out	(7,500)	0	(7,500)	(7,500)
Residual Equity Transfers Out	(4,422)	(2,211)	(6,633)	0
Total Other Financing Sources (Uses)	\$ (11,922)	\$ 12,289	\$ 367	\$ 11,839
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	\$ 12,021	\$ (5,004)	\$ 7,017	\$ (14,611)
<u>FUND BALANCE</u> - Beginning of Year	23,038	9,358	32,396	47,007
<u>FUND BALANCE</u> - End of Year	\$ 35,059	\$ 4,354	\$ 39,413	\$ 32,396

VILLAGE OF KINGSLEY, MICHIGANMAJOR STREET FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	2004	2003
<u>ASSETS</u>		
Cash		
Checking Account	\$ 25,721	\$ 10,497
Due from Other Governments	17,041	13,891
	<hr/>	
TOTAL ASSETS	\$ 42,762	\$ 24,388
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 7,496	\$ 1,143
Due to Other Funds		
General Fund	207	207
	<hr/>	
Total Liabilities	\$ 7,703	\$ 1,350
	<hr/>	
<u>FUND BALANCE</u>		
Unreserved	35,059	23,038
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 42,762	\$ 24,388
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VILLAGE OF KINGSLEY, MICHIGANMAJOR STREET FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEYEAR ENDED FEBRUARY 29,

	2004	2003
<u>REVENUES</u>		
State Grants		
Michigan Transportation Fund (Act 51)	\$ 73,518	\$ 66,299
Street Construction	0	264
Federal Grants		
Street Construction	0	264
Interest and Rents		
Interest	266	542
Miscellaneous	0	146
Total Revenues	\$ 73,784	\$ 67,515
<u>EXPENDITURES</u>		
Public Works		
Routine Maintenance		
Salaries and Wages	\$ 12,179	\$ 6,808
Materials and Supplies	697	1,020
Repair and Maintenance	0	20,758
Equipment Rental	12,512	5,296
Drainage	0	9,967
Shoulder Work	0	300
Grass and Weed Control	65	160
Winter Maintenance		
Salaries and Wages	5,790	7,633
Materials and Supplies	7,584	8,355
Equipment Rental	3,906	8,181
Signs and Signals		
Capital Outlay	2,445	466
Administration and General		
Salaries and Wages	105	105
Workers Compensation	737	863
Professional Services	350	0
Insurance	204	165
Engineering	3,267	493

VILLAGE OF KINGSLEY, MICHIGANMAJOR STREET FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEYEAR ENDED FEBRUARY 29,

	2004	2003
Construction		
Streets	0	4,867
Total Expenditures	\$ 49,841	\$ 75,437
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,943	\$ (7,922)
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In (Out)		
General Fund	\$ 0	\$ 4,339
Local Street Fund	(7,500)	(7,500)
Residual Equity Transfer Out		
Equipment Fund	(4,422)	0
Total Other Financing Sources (Uses)	\$ (11,922)	\$ (3,161)
Excess of Revenues Over (Under)		
Expenditures and Other Sources (Uses)	\$ 12,021	\$ (11,083)
<u>FUND BALANCE</u> - Beginning of Year	23,038	34,121
<u>FUND BALANCE</u> - End of Year	\$ 35,059	\$ 23,038

VILLAGE OF KINGSLEY, MICHIGANLOCAL STREET FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	2004	2003
<u>ASSETS</u>		
Cash		
Checking Account	\$ 2,799	\$ 2,833
Due from Other Governmental Units	11,090	6,929
	<hr/>	
TOTAL ASSETS	\$ 13,889	\$ 9,762
	<hr/>	
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 3,035	\$ 404
Due to Other Funds	6,500	0
	<hr/>	
TOTAL LIABILITIES	\$ 9,535	\$ 404
 <u>FUND BALANCE</u>		
Unreserved	4,354	9,358
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 13,889	\$ 9,762
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VILLAGE OF KINGSLEY, MICHIGANLOCAL STREET FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEYEAR ENDED FEBRUARY 29,

	2004	2003
<u>REVENUES</u>		
State Grants		
Michigan Transportation Fund (Act 51)	\$ 32,423	\$ 24,880
Interest and Rents		
Interest	54	73
Total Revenues	\$ 32,477	\$ 24,953
<u>EXPENDITURES</u>		
Public Works		
Routine Maintenance		
Salaries and Wages	\$ 9,382	\$ 4,440
Materials and Supplies	501	1,223
Repair and Maintenance	8,981	5,890
Equipment Rental	12,085	3,402
Drainage	0	4,302
Winter Maintenance		
Salaries and Wages	1,623	7,293
Materials and Supplies	5,670	5,991
Equipment Rental	1,311	8,548
Signs and Signals		
Materials and Supplies	169	769
Administration		
Salaries and Wages	45	45
Workers' Compensation	737	863
Professional Services	350	0
Insurance	205	165
Engineering	8,711	534
Miscellaneous	0	16
Total Expenditures	\$ 49,770	\$ 43,481
Excess (Deficiency) of Revenues Over Expenditures	\$ (17,293)	\$ (18,528)

VILLAGE OF KINGSLEY, MICHIGANLOCAL STREET FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEYEAR ENDED FEBRUARY 29,

	2004	2003
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In (Out)		
General Fund	\$ 7,000	\$ 7,500
Major Street Fund	7,500	7,500
Residual Equity Transfer Out		
Equipment Fund	(2,211)	0
Total Other Financing Sources (Uses)	\$ 12,289	\$ 15,000
Excess (Deficiency) of Revenues Over Expenditures and Other Sources	\$ (5,004)	\$ (3,528)
<u>FUND BALANCE</u> - Beginning of Year	9,358	12,886
<u>FUND BALANCE</u> - End of Year	\$ 4,354	\$ 9,358

VILLAGE OF KINGSLEY, MICHIGANRECREATIONAL COMPLEX CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Checking Account	\$ 39,967	\$ 11,040
Certificate of Deposit	0	23,650
TOTAL ASSETS	<u>\$ 39,967</u>	<u>\$ 34,690</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved	<u>39,967</u>	<u>34,690</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 39,967</u>	<u>\$ 34,690</u>

VILLAGE OF KINGSLEY, MICHIGANRECREATIONAL COMPLEX CAPITAL PROJECT FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEYEAR ENDED FEBRUARY 29,

<u>REVENUES</u>	2004	2003
Fundraising Income	\$ 5,760	\$ 0
Private Contributions	100	0
Contributions from Local Units	77,000	0
Refunds and Rebates	1,873	0
Sale of Timber	29,417	0
Interest and Rents		
Interest	252	944
Total Revenues	\$ 114,402	\$ 944
<u>EXPENDITURES</u>		
Audit	\$ 200	\$ 0
Fundraising Expense	1,440	0
Contracted Services	63,486	0
Capital Outlay	22,825	0
Materials and Supplies	7,654	0
Fees and Permits	1,250	0
Equipment Rental	10,310	0
Operating Supplies	51	0
Printing and Publishing	243	0
Fuel and Oil	2,666	0
Total Expenditures	\$ 110,125	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,277	\$ 944
<u>OTHER FINANCING SOURCES</u>		
Operating Transfers In		
General Fund	1,000	0
Excess (Deficiency) of Revenues Over Expenditures and Other Sources	\$ 5,277	\$ 944
<u>FUND BALANCE</u> - Beginning of Year	34,690	33,746
<u>FUND BALANCE</u> - End of Year	\$ 39,967	\$ 34,690

VILLAGE OF KINGSLEY, MICHIGANENTERPRISE FUNDS
COMBINING BALANCE SHEETFEBRUARY 29, 2004
WITH COMPARATIVE TOTALS FOR FEBRUARY 28, 2003

	SANITARY		TOTALS	
	WATER	SEWER SYSTEM	(MEMORANDUM ONLY)	
	FUND	FUND	2004	2003
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 95,973	\$ 322,872	\$ 418,845	\$ 337,268
Accounts Receivable	9,037	20,221	29,258	29,922
Due from Other Funds	20	6,500	6,520	20
Prepaid Expenses	0	4,530	4,530	3,585
Total Current Assets	\$ 105,030	\$ 354,123	\$ 459,153	\$ 370,795
<u>RESTRICTED ASSETS</u>				
Cash	81,647	216,177	297,824	282,629
<u>FIXED ASSETS</u>				
(Net of Accumulated Depreciation)	744,525	1,657,844	2,402,369	2,399,760
TOTAL ASSETS	\$ 931,202	\$ 2,228,144	\$ 3,159,346	\$ 3,053,184
<u>LIABILITIES AND FUND EQUITY</u>				
<u>CURRENT LIABILITIES</u>				
(Payable from Current Assets)				
Accounts Payable	\$ 5,888	\$ 45,983	\$ 51,871	\$ 7,056
Customer Deposits	2,278	0	2,278	4,522
Due to Other Funds	14,152	1,144	15,296	39,521
Total Current Liabilities				
(Payable from Current Assets)	\$ 22,318	\$ 47,127	\$ 69,445	\$ 51,099

VILLAGE OF KINGSLEY, MICHIGANENTERPRISE FUNDS
COMBINING BALANCE SHEETFEBRUARY 29, 2004
WITH COMPARATIVE TOTALS FOR FEBRUARY 28, 2003

	SANITARY		TOTALS	
	WATER	SEWER SYSTEM	(MEMORANDUM ONLY)	
	FUND	FUND	2004	2003
<u>CURRENT LIABILITIES</u>				
(Payable from Restricted Assets)				
Bonds Payable - Current	\$ 20,000	\$ 15,000	\$ 35,000	\$ 35,000
Accrued Interest Payable	6,196	1,920	8,116	8,733
Total Current Liabilities (Payable from Restricted Assets)	\$ 26,196	\$ 16,920	\$ 43,116	\$ 43,733
<u>LONG-TERM LIABILITIES</u>				
Revenue Bonds				
(Net of Current Portion)	\$ 220,000	\$ 145,000	\$ 365,000	\$ 400,000
Less Advanced Refunding Costs	0	(6,533)	(6,533)	(7,834)
Total Long-Term Liabilities	\$ 220,000	\$ 138,467	\$ 358,467	\$ 392,166
Total Liabilities	\$ 268,514	\$ 202,514	\$ 471,028	\$ 486,998
<u>FUND EQUITY</u>				
Contributed Capital	\$ 473,418	\$ 1,390,359	\$ 1,863,777	\$ 1,932,815
Retained Earnings	189,270	635,271	824,541	633,371
Total Fund Equity	\$ 662,688	\$ 2,025,630	\$ 2,688,318	\$ 2,566,186
TOTAL LIABILITIES AND FUND EQUITY	\$ 931,202	\$ 2,228,144	\$ 3,159,346	\$ 3,053,184

VILLAGE OF KINGSLEY, MICHIGANENTERPRISE FUNDSCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGSYEAR ENDED FEBRUARY 29, 2004WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003

	SANITARY		TOTALS	
	WATER	SEWER SYSTEM	(MEMORANDUM ONLY)	
	FUND	FUND	2004	2003
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 161,369	\$ 185,480	\$ 346,849	\$ 348,243
<u>OPERATING EXPENSES</u>				
Salaries and Wages	\$ 37,669	\$ 28,890	\$ 66,559	\$ 59,425
Workers' Compensation	0	0	0	2,077
Contracted Services	16,047	0	16,047	17,200
Operating Supplies	6,004	370	6,374	4,950
Postage and Office Supplies	713	915	1,628	2,310
Bank Service Charges	1,067	1,040	2,107	553
Professional Services	1,797	1,547	3,344	3,557
Legal Fees	0	7,281	7,281	2,471
Engineering	0	0	0	10,096
Education and Training	540	0	540	154
Communications	295	0	295	313
Printing and Publishing	300	347	647	132
Insurance and Bonds	3,977	3,400	7,377	6,090
Utilities	10,090	10,774	20,864	22,287
Repair and Maintenance	9,111	12,128	21,239	9,930
Equipment Rental	7,466	14,007	21,473	19,470
Testing	1,290	6,132	7,422	2,743
Dues	1,329	264	1,593	1,350
Miscellaneous	70	638	708	700
Amortization	0	1,301	1,301	1,397
Depreciation	30,650	67,003	97,653	95,368
Total Operating Expenses	\$ 128,415	\$ 156,037	\$ 284,452	\$ 262,573
Operating Income (Loss)	\$ 32,954	\$ 29,443	\$ 62,397	\$ 85,670

VILLAGE OF KINGSLEY, MICHIGANENTERPRISE FUNDSCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGSYEAR ENDED FEBRUARY 29, 2004WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003

	SANITARY		TOTALS	
	WATER	SEWER SYSTEM	(MEMORANDUM ONLY)	
	FUND	FUND	2004	2003
<u>NONOPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Wellhead Protection Grant	\$ 12,988	\$ 0	\$ 12,988	\$ 0
Gain (Loss) on Sale of Investments	50	0	50	0
Interest Income	2,576	8,995	11,571	14,408
Interest Expense	(15,852)	(7,892)	(23,744)	(25,209)
User Contributions	19,701	30,624	50,325	9,700
Lease Income	0	8,645	8,645	23,400
Total Nonoperating Revenues (Expenses)	\$ 19,463	\$ 40,372	\$ 59,835	\$ 22,299
Net Income (Loss)	\$ 52,417	\$ 69,815	\$ 122,232	\$ 107,969
Depreciation on Fixed Assets Acquired by Grants and Shared Revenues Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital	12,327	56,611	68,938	68,473
<u>RETAINED EARNINGS -</u>				
Beginning of Year	124,526	508,845	633,371	456,929
<u>RETAINED EARNINGS -</u>				
End of Year	\$ 189,270	\$ 635,271	\$ 824,541	\$ 633,371

VILLAGE OF KINGSLEY, MICHIGANENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWSYEAR ENDED FEBRUARY 29, 2004
WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003

	SANITARY		TOTALS	
	SEWER SYSTEM		(MEMORANDUM	
	FUND		ONLY)	
	WATER	SEWER SYSTEM	2004	2003
	FUND	FUND		
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ 32,954	\$ 29,443	\$ 62,397	\$ 85,670
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
(Gain) Loss on Sale of Investments	(50)	0	(50)	0
Depreciation and Amortization	30,650	68,304	98,954	96,765
(Increase) Decrease in Current Assets				
Accounts Receivable	(179)	843	664	1,094
Prepaid Expenses	1,337	(2,282)	(945)	1,433
Due from Other Funds	0	(6,500)	(6,500)	0
Increase (Decrease) in Current Liabilities (Payable from Current Assets)				
Accounts Payable	1,752	43,063	44,815	(7,468)
Customer Deposits	(1,747)	(497)	(2,244)	(2,078)
Due to Other Funds	(22,975)	(1,250)	(24,225)	11,000
Net Cash Provided by (Used for) Operating Activities	\$ 41,742	\$ 131,124	\$ 172,866	\$ 186,416

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:

Increase (Decrease) in Current Liabilities (Payable from Restricted Assets)				
Accrued Interest	\$ (488)	\$ (129)	\$ (617)	\$ (718)
Acquisition and Construction of Capital Assets	(7,143)	(93,119)	(100,262)	(40,165)
Wellhead Protection Grant	12,988	0	12,988	0
Principal Paid on Revenue Bonds	(20,000)	(15,000)	(35,000)	(30,000)

VILLAGE OF KINGSLEY, MICHIGANENTERPRISE FUNDSCOMBINING STATEMENT OF CASH FLOWSYEAR ENDED FEBRUARY 29, 2004WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003

			TOTALS (MEMORANDUM ONLY)	
	WATER FUND	SANITARY SEWER SYSTEM FUND	2004	2003
Interest on Revenue Bonds	(15,852)	(7,892)	(23,744)	(25,209)
User Contributions	19,701	30,624	50,325	9,700
Lease Income	0	8,645	8,645	23,400
Net Cash Used for Capital and Related Financing Activities	\$ (10,794)	\$ (76,871)	\$ (87,665)	\$ (62,992)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest Income	\$ 2,576	\$ 8,995	\$ 11,571	\$ 14,408
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 33,524	\$ 63,248	\$ 96,772	\$ 137,832
<u>CASH AND CASH EQUIVALENTS -</u>				
Beginning of Year	144,096	475,801	619,897	482,065
<u>CASH AND CASH EQUIVALENTS -</u>				
End of Year	\$ 177,620	\$ 539,049	\$ 716,669	\$ 619,897
Interest Paid During the Year	\$ 16,040	\$ 8,028	\$ 24,068	\$ 25,209

VILLAGE OF KINGSLEY, MICHIGANWATER FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash		
Operating Fund	\$ 3,472	\$ 19,809
Receiving Fund	49,678	17,418
Construction Fund	26,639	21,053
Water Tower	16,184	8,990
Accounts Receivable	9,037	8,858
Due from General Fund	20	20
Prepaid Expenses	0	1,337
Total Current Assets	\$ 105,030	\$ 77,485
<u>RESTRICTED ASSETS</u>		
Cash		
Bond and Interest Redemption Fund	\$ 36,975	\$ 32,882
Bond Reserve Fund	44,672	43,944
Total Restricted Assets	\$ 81,647	\$ 76,826
<u>FIXED ASSETS</u>		
Land	\$ 16,781	\$ 16,781
Machinery and Equipment	1,064	1,064
Water System		
Wells and Well Houses	291,511	291,511
Water Tank	239,870	239,870
Water Mains	707,600	700,457
Accumulated Depreciation	(512,301)	(481,651)
Total Fixed Assets	\$ 744,525	\$ 768,032
TOTAL ASSETS	\$ 931,202	\$ 922,343

VILLAGE OF KINGSLEY, MICHIGANWATER FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	2004	2003
<u>LIABILITIES AND FUND EQUITY</u>		
<u>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</u>		
Accounts Payable	\$ 5,888	\$ 4,136
Customer Deposits	2,278	4,025
Due to General Fund	14,152	37,127
Total Current Liabilities (Payable from Current Assets)	\$ 22,318	\$ 45,288
<u>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</u>		
Revenue Bonds Payable- Current Portion	\$ 20,000	\$ 20,000
Accrued Interest Payable	6,196	6,684
Total Current Liabilities (Payable from Current Assets)	\$ 26,196	\$ 26,684
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds Payable (Net of Current Portion)	\$ 220,000	\$ 240,000
Total Liabilities	\$ 268,514	\$ 311,972
<u>FUND EQUITY</u>		
Contributed Capital		
Municipality	\$ 140,557	\$ 144,070
Federal Grants	200,921	205,944
State Grants	2,795	2,865
Customers	129,145	132,966
Total Contributed Equity	\$ 473,418	\$ 485,845
Retained Earnings	189,270	124,526
Total Fund Equity	\$ 662,688	\$ 610,371
TOTAL LIABILITIES AND FUND EQUITY	\$ 931,202	\$ 922,343

VILLAGE OF KINGSLEY, MICHIGAN

WATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

YEAR ENDED FEBRUARY 29,

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Sales	\$ 116,099	\$ 115,751
Hydrant Rental	37,542	31,906
Water Tower Lease	7,100	6,000
Tap in Fee	0	9,300
Other Revenue	628	1,693
	<hr/>	<hr/>
Total Operating Revenues	\$ 161,369	\$ 164,650
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Administration and General		
Postage and Office Supplies	\$ 713	\$ 1,389
Professional Services	1,038	301
Contracted Services	16,047	17,200
Communications	295	313
Printing and Publishing	300	132
Insurance and Bonds	3,977	3,465
Bank Fees	1,067	0
Education and Training	540	154
Dues	1,329	1,264
Miscellaneous	70	678
Plant		
Salaries and Wages	37,669	36,116
Workers' Compensation	0	2,077
Operating Supplies	6,004	4,456
Utilities	10,090	10,778
Repairs and Maintenance	9,111	2,149
Equipment Rental	7,466	7,105
Engineering	759	9,398

VILLAGE OF KINGSLEY, MICHIGAN

WATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

YEAR ENDED FEBRUARY 29,

	<u>2004</u>	<u>2003</u>
Testing	1,290	1,393
Depreciation	30,650	29,307
Total Operating Expenses	\$ 128,415	\$ 127,675
Operating Income (Loss)	\$ 32,954	\$ 36,975
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Wellhead Protection Grant	\$ 12,988	\$ 0
Gain (Loss) on Sale of Investments	50	0
Interest Income	2,576	4,582
User Contributions	19,701	0
Interest Expense	(15,852)	(16,711)
Total Nonoperating Revenues (Expenses)	\$ 19,463	\$ (12,129)
Net Income (Loss)	\$ 52,417	\$ 24,846
Depreciation on Fixed Assets Acquired by Grants and Shared Revenues Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital	12,327	11,667
<u>RETAINED EARNINGS - Beginning of Year</u>	124,526	88,013
<u>RETAINED EARNINGS - End of Year</u>	\$ 189,270	\$ 124,526

VILLAGE OF KINGSLEY, MICHIGANWATER FUNDCOMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED FEBRUARY 29,

	2004	2003
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 32,954	\$ 36,975
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities		
(Gain) Loss on Sale of Investments	(50)	0
Depreciation	30,650	29,307
(Increase) Decrease in Current Assets		
Accounts Receivable	(179)	818
Prepaid Expenses	1,337	1,988
Increase (Decrease) in Current Liabilities		
(Payable from Current Assets)		
Accounts Payable	1,752	(1,254)
Customer Deposits	(1,747)	(325)
Due to Other Funds	(22,975)	11,000
Net Cash Provided by (Used for) Operating Activities	\$ 41,742	\$ 78,509
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Accrued Interest Payable	\$ (488)	\$ (600)
Wellhead Protection Grant	12,988	0
User Contributions	19,701	0
Principal Paid on Revenue Bond Maturities	(20,000)	(20,000)
Interest on Revenue Bonds	(15,852)	(16,711)
Acquisition of Capital Assets	(7,143)	(40,165)
Net Cash Provided by (Used for) Capital		
and Related Financing Activities	\$ (10,794)	\$ (77,476)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest Income	\$ 2,576	\$ 4,582
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 33,524	\$ 5,615
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	144,096	138,481
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 177,620	\$ 144,096
Interest paid during the year	\$ 16,040	\$ 16,711

VILLAGE OF KINGSLEY, MICHIGANSANITARY SEWER SYSTEM FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	2004	2003
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash		
Operating Fund	\$ 9,151	\$ 1,136
Receiving Fund	313,721	268,862
Accounts Receivable	20,221	21,064
Due from Other Funds		
Local Street	6,500	0
Prepaid Expenses	4,530	2,248
Total Current Assets	\$ 354,123	\$ 293,310
<u>RESTRICTED ASSETS</u>		
Cash		
Sewer Construction Project	\$ 43,774	\$ 43,175
Bond and Interest Redemption Fund	85,336	87,597
Bond Reserve Fund	38,506	36,058
Capital Improvement Fund	48,561	38,973
Total Restricted Assets	\$ 216,177	\$ 205,803
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Land Improvements	\$ 240,523	\$ 184,715
Machinery and Equipment	168,462	138,904
Tools	4,653	4,653
Sewer System		
Wastewater Treatment Facility	1,066,813	1,059,060
Pumping Station	110,398	110,398
Mains and Connections	1,765,492	1,765,492
Accumulated Depreciation	(1,698,497)	(1,631,494)
Total Property, Plant and Equipment	\$ 1,657,844	\$ 1,631,728
TOTAL ASSETS	\$ 2,228,144	\$ 2,130,841

VILLAGE OF KINGSLEY, MICHIGANSANITARY SEWER SYSTEM FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	2004	2003
<u>LIABILITIES AND FUND EQUITY</u>		
<u>CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)</u>		
Accounts Payable	\$ 45,983	\$ 2,920
Customer Deposits	0	497
Due to General Fund	1,144	2,394
Total Current Liabilities (Payable from Current Assets)	\$ 47,127	\$ 5,811
<u>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</u>		
Revenue Bonds Payable	\$ 15,000	\$ 15,000
Accrued Interest Payable	1,920	2,049
Total Current Liabilities (Payable from Restricted Assets)	\$ 16,920	\$ 17,049
<u>LONG-TERM LIABILITIES</u>		
Revenue Bonds Payable (Net of Current Portion)	\$ 145,000	\$ 160,000
Less Advanced Refunding Costs	(6,533)	(7,834)
Total Long-Term Liabilities	\$ 138,467	\$ 152,166
Total Liabilities	\$ 202,514	\$ 175,026
<u>FUND EQUITY</u>		
Contributed Capital		
Municipality	\$ 18,985	\$ 19,738
State of Michigan	102,935	107,006
Federal Government	1,227,680	1,276,258
Customers	40,759	43,968
Total Contributed Capital	\$ 1,390,359	\$ 1,446,970
Retained Earnings	635,271	508,845
Total Fund Equity	\$ 2,025,630	\$ 1,955,815
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,228,144	\$ 2,130,841

VILLAGE OF KINGSLEY, MICHIGANSANITARY SEWER SYSTEM FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGSYEAR ENDED FEBRUARY 29,

	2004	2003
<u>OPERATING REVENUES</u>		
Charges for Services		
Sewer Service	\$ 184,223	\$ 181,760
Other Revenue	1,257	1,833
	<hr/>	
Total Operating Revenues	\$ 185,480	\$ 183,593
	<hr/>	
<u>OPERATING EXPENSES</u>		
Administration and General		
Office Supplies	\$ 915	\$ 921
Bank Service Charges	1,040	553
Professional Services	1,547	3,256
Legal Fees	7,281	2,471
Insurance and Bonds	3,400	2,625
Dues	264	86
Printing and Publishing	347	0
Miscellaneous	638	22
Plant		
Salaries and Wages	28,890	23,309
Operating Supplies	370	494
Engineering	0	698
Utilities	10,774	11,509
Repairs and Maintenance	12,128	7,781
Testing	6,132	1,350
Equipment Rental	14,007	12,365
Amortization	1,301	1,397
Depreciation	67,003	66,061
	<hr/>	
Total Operating Expenses	\$ 156,037	\$ 134,898
	<hr/>	
Operating Income (Loss)	\$ 29,443	\$ 48,695

VILLAGE OF KINGSLEY, MICHIGANSANITARY SEWER SYSTEM FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGSYEAR ENDED FEBRUARY 29,

	2004	2003
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	\$ 8,995	\$ 9,826
Interest Expense	(7,892)	(8,498)
Lease Income	8,645	23,400
User Contributions	30,624	9,700
Total Nonoperating Revenues (Expenses)	<u>\$ 40,372</u>	<u>\$ 34,428</u>
Net Income	\$ 69,815	\$ 83,123
Depreciation on Fixed Assets Acquired by Grants and Shared Revenues Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital	56,611	56,806
<u>RETAINED EARNINGS</u> - Beginning of Year	<u>508,845</u>	<u>368,916</u>
<u>RETAINED EARNINGS</u> - End of Year	<u><u>\$ 635,271</u></u>	<u><u>\$ 508,845</u></u>

VILLAGE OF KINGSLEY, MICHIGANSANITARY SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED FEBRUARY 29,

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 29,443	\$ 48,695
Adjustments to Reconcile Operating Income to Net		
Cash Provided by Operating Activities:		
Depreciation and Amortization	68,304	67,458
(Increase) Decrease in Current Assets		
Accounts Receivable	843	276
Prepaid Expenses	(2,282)	(555)
Due from Other Funds	(6,500)	0
Increase (Decrease) in Current Liabilities		
(Payable from Current Assets)		
Accounts Payable	43,063	(6,214)
Customer Deposits	(497)	(1,753)
Due to Other Funds	(1,250)	0
Net Cash Provided by (Used for) Operating Activities	<u>\$ 131,124</u>	<u>\$ 107,907</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Increase (Decrease) in Current Liabilities		
(Payable from Restricted Assets)		
Accrued Interest Payable	\$ (129)	\$ (118)
User Contributions	30,624	9,700
Acquisition and Construction of Capital Assets	(93,119)	0
Principal Paid on Revenue Bond Maturities	(15,000)	(10,000)
Interest on Revenue Bonds	(7,892)	(8,498)
Lease Income	8,645	23,400
Net Cash Used for Capital and Related Financing Activities	<u>\$ (76,871)</u>	<u>\$ 14,484</u>

VILLAGE OF KINGSLEY, MICHIGANSANITARY SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED FEBRUARY 29,

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest Income	\$ 8,995	\$ 9,826
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 63,248	\$ 132,217
<u>CASH AND EQUIVALENTS</u> - Beginning of Year	<u>475,801</u>	<u>343,584</u>
<u>CASH AND EQUIVALENTS</u> - End of Year	<u>\$ 539,049</u>	<u>\$ 475,801</u>
Interest Paid During The Year	\$ 8,028	\$ 8,498

VILLAGE OF KINGSLEY, MICHIGAN
EQUIPMENT FUND
COMPARATIVE BALANCE SHEET

FEBRUARY 29,

ASSETS

<u>CURRENT ASSETS</u>	2004	2003
Cash		
Checking Account	\$ 18,973	\$ 26,420
Savings Account	26,364	20,586
Certificate of Deposit	0	31,331
Prepaid Expenses	2,658	2,322
Total Current Assets	<u>\$ 47,995</u>	<u>\$ 80,659</u>
 <u>PROPERTY, PLANT AND EQUIPMENT</u>		
Machinery and Equipment	\$ 292,401	\$ 272,586
Accumulated Depreciation	(135,089)	(136,166)
Total Property, Plant and Equipment	<u>\$ 157,312</u>	<u>\$ 136,420</u>
 <u>OTHER ASSETS</u>		
Loan Legal Fees	\$ 1,749	\$ 1,749
Accumulated Amortization	(874)	(291)
Total Other Assets	<u>\$ 875</u>	<u>\$ 1,458</u>
 TOTAL ASSETS	<u><u>\$ 206,182</u></u>	<u><u>\$ 218,537</u></u>
	<u>LIABILITIES AND FUND EQUITY</u>	
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 1,975	\$ 1,362
Due to General Fund	2,182	2,182
Total Current Liabilities	<u>\$ 4,157</u>	<u>\$ 3,544</u>
 <u>LONG TERM LIABILITIES</u>		
Installment Purchase Agreement	28,848	67,618
Total Liabilities	<u>\$ 33,005</u>	<u>\$ 71,162</u>
 <u>FUND EQUITY</u>		
Retained Earnings	<u>173,177</u>	<u>147,375</u>
 TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 206,182</u></u>	<u><u>\$ 218,537</u></u>

VILLAGE OF KINGSLEY, MICHIGANEQUIPMENT FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGSYEAR ENDED FEBRUARY 29,

	2004	2003
<u>OPERATING REVENUES</u>		
Charges for Services		
Equipment Rental	\$ 57,073	\$ 64,579
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 14,255	\$ 11,243
Office Supplies	710	85
Professional Services	400	0
Communications	776	959
Gasoline and Oil	4,846	3,355
Fleet Insurance	2,962	2,065
Workers' Compensation Insurance	483	285
Repairs and Maintenance	10,125	5,562
Miscellaneous	0	2
Amortization	583	291
Depreciation	20,417	16,409
Total Operating Expenses	\$ 55,557	\$ 40,256
Operating Income (Loss)	\$ 1,516	\$ 24,323
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Gain on Sale of Assets	\$ 4,515	\$ 0
Interest Income	735	1,847
Interest Expense	(2,231)	(2,791)
Total Nonoperating Revenues (Expenses)	\$ 3,019	\$ (944)
Net Income (Loss) Before Other Financing Sources (Uses)	\$ 4,535	\$ 23,379

VILLAGE OF KINGSLEY, MICHIGANEQUIPMENT FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGSYEAR ENDED FEBRUARY 29,

	2004	2003
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In		
General Fund	\$ 8,000	\$ 0
Residual Equity Transfers In		
General Fund	6,634	0
Major Street Fund	4,422	0
Local Street Fund	2,211	0
Total Other Financing Sources	\$ 21,267	\$ 0
Net Income	\$ 25,802	\$ 23,379
<u>RETAINED EARNINGS</u> - Beginning of Year	147,375	123,996
<u>RETAINED EARNINGS</u> - End of Year	\$ 173,177	\$ 147,375

VILLAGE OF KINGSLEY, MICHIGANEQUIPMENT FUND
COMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED FEBRUARY 29,

	2004	2003
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 1,516	\$ 24,323
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities		
Depreciation and Amortization	21,000	16,700
(Increase) Decrease in Current Assets		
Accounts Receivable	0	4,536
Prepaid Expenses	(336)	(780)
Increase (Decrease) in Current Liabilities		
Accounts Payable	612	(1,557)
Net Cash Provided by (Used for) Operating Activities	\$ 22,792	\$ 43,222
<u>CASH FLOWS FROM CAPITAL AND</u>		
<u>RELATED FINANCING ACTIVITIES</u>		
Proceeds of Long Term Debt	\$ 0	\$ 45,500
Principal Paid on Long Term Debt	(38,769)	(21,207)
Interest on Loans Payable	(2,231)	(2,791)
Loan Fees on Acquisition of Capital Assets	0	(1,458)
Sale of Capital Assets	4,515	0
Acquisition of Capital Assets	(41,309)	(59,770)
Net Cash Used for Capital and Related Financing Activities	\$ (77,794)	\$ (39,726)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest Income	\$ 735	\$ 1,847
<u>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</u>		
Operating Transfers In from Other Funds	\$ 21,267	\$ 0
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (33,000)	\$ 5,343
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	78,337	72,994
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 45,337	\$ 78,337
Interest paid during the year.	\$ 2,231	\$ 2,791

VILLAGE OF KINGSLEY, MICHIGANOIL, GAS AND MINERAL TRUST FUND
COMPARATIVE BALANCE SHEETFEBRUARY 29,

	2004	2003
<u>ASSETS</u>		
Cash	\$ 70,639	\$ 43,936
Investments	711,116	708,756
Accrued Interest Receivable	7,494	6,721
TOTAL ASSETS	<u>\$ 789,249</u>	<u>\$ 759,413</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Reserved for:		
Endowments	\$ 709,190	\$ 708,073
Civic Improvements	80,059	51,340
Total Fund Balance	<u>\$ 789,249</u>	<u>\$ 759,413</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 789,249</u>	<u>\$ 759,413</u>

VILLAGE OF KINGSLEY, MICHIGANOIL, GAS AND MINERAL TRUST FUNDCOMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCEYEAR ENDED FEBRUARY 29,

	2004	2003
<u>REVENUES</u>		
Interest and Rents		
Investment Income	\$ 8,348	\$ 43,733
Oil and Gas Royalties	8,262	4,932
Total Revenues	\$ 16,610	\$ 48,665
<u>EXPENSES</u>		
Trust Fund Activities		
Trustee Fees	5,000	4,746
Operating Income	\$ 11,610	\$ 43,919
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Gain (Loss) on Sale of Investments	18,226	1,024
Net Income (Loss)	\$ 29,836	\$ 44,943
<u>FUND BALANCE</u> - Beginning of Year	759,413	714,470
<u>FUND BALANCE</u> - End of Year	\$ 789,249	\$ 759,413

VILLAGE OF KINGSLEY, MICHIGANOIL, GAS AND MINERAL TRUST FUND
COMPARATIVE STATEMENT OF CASH FLOWSYEAR ENDED FEBRUARY 29,

	2004	2003
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ 29,836	\$ 44,943
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities		
(Gain) Loss on Sale of Investments	(18,226)	(1,024)
Unrealized (Gain) Loss on Sale of Investments	25,315	(9,073)
(Increase) Decrease in Current Assets		
Accrued Interest Receivable	(773)	(2,412)
Net Cash Provided by Operating Activities	\$ 36,152	\$ 32,434
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from Sales of Investments	\$ 1,242,400	\$ 904,858
Purchase of Investments	(1,251,849)	(1,042,594)
Net Cash Provided (Used) by Investing Activities	\$ (9,449)	\$ (137,736)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 26,703	\$ (105,302)
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	43,936	149,238
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 70,639	\$ 43,936

VILLAGE OF KINGSLEY, MICHIGANANALYSIS OF CHANGES IN GENERAL FIXED ASSETS
FEBRUARY 29, 2004

	BALANCE 3/1/2003	ADDITIONS	DEDUCTIONS	BALANCE 02/29/2004
Land	\$ 38,329	\$ 0	\$ 0	\$ 38,329
Buildings	94,501	0	0	94,501
Improvements Other Than Buildings	198,583	112,687	0	311,270
Machinery and Equipment	19,279	14,690	0	33,969
Fire Department Equipment	65,097	0	0	65,097
Office Equipment	21,775	670	0	22,445
TOTALS	\$ 437,564	\$ 128,047	\$ 0	\$ 565,611

VILLAGE OF KINGSLEY, MICHIGANCOMPARATIVE STATEMENT OF GENERAL LONG-TERM DEBT
FEBRUARY 29,

	<u>2004</u>	<u>2003</u>
<u>AMOUNT TO BE PROVIDED FOR PAYMENT OF LONG TERM DEBT</u>		
Amount to be Provided for Retirement of Note Payable	\$ 96,507	\$ 116,525
Amount to be Provided for Retirement of Unpaid Compensated Absences	13,028	8,154
	<u>\$ 109,535</u>	<u>\$ 124,679</u>
<u>GENERAL LONG TERM DEBT PAYABLE</u>		
Note Payable - Street Lighting	\$ 96,507	\$ 116,525
Accumulated, Compensated Absences		
Sick Pay	6,656	5,422
Vacation Pay	6,372	2,732
	<u>\$ 109,535</u>	<u>\$ 124,679</u>
TOTAL GENERAL LONG-TERM DEBT	<u>\$ 109,535</u>	<u>\$ 124,679</u>

VILLAGE OF KINGSLEY, MICHIGAN
WATER REVENUE BONDS, SERIES 1992
FEBRUARY 29, 2004

<u>TITLE OF ISSUE</u>	Water Revenue Bonds, Series 1992		
<u>PURPOSE</u>	Defraying the cost of acquiring and constructing improvements to the Village's water supply system.		
<u>DATE OF ISSUE</u>	September 1, 1992		
<u>AMOUNT OF ISSUE</u>	\$ 410,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$ 150,000		
During Current Year	20,000		170,000
<u>BALANCE OUTSTANDING</u> - February 29, 2004			<u>\$ 240,000</u>

<u>CALL PROVISIONS</u>	Bonds maturing in the years 1993 through 2000 are not subject to redemption prior to maturity. Bonds maturing after 2001 are subject to redemption in any order of maturity on any interest payment date after October 1, 2001, at par and accrued interest plus a premium of 1% if called prior to October 1, 2005, and 1/2% thereafter.
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<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
April 1, 2004			\$ 7,435	\$ 7,435
October 1, 2004	6.00%	\$ 20,000	7,435	27,435
April 1, 2005			6,835	6,835
October 1, 2005	6.05%	25,000	6,835	31,835
April 1, 2006			6,079	6,079
October 1, 2006	6.10%	25,000	6,079	31,079
April 1, 2007			5,316	5,316
October 1, 2007	6.15%	25,000	5,316	30,316
April 1, 2008			4,547	4,547
October 1, 2008	6.20%	25,000	4,547	29,547
April 1, 2009			3,773	3,773
October 1, 2009	6.25%	30,000	3,773	33,773
April 1, 2010			2,835	2,835
October 1, 2010	6.30%	30,000	2,835	32,835
April 1, 2011			1,890	1,890
October 1, 2011	6.30%	30,000	1,890	31,890
April 1, 2012			945	945
October 1, 2012	6.30%	30,000	945	30,945
		<u>\$ 240,000</u>	<u>\$ 79,310</u>	<u>\$ 319,310</u>

VILLAGE OF KINGSLEY, MICHIGAN
SANITARY SEWER SYSTEM REVENUE REFUNDING BONDS - SERIES 1998
FEBRUARY 29, 2004

<u>TITLE OF ISSUE</u>	Village of Kingsley Sewer Revenue Refunding Bonds - Series 1998
<u>PURPOSE</u>	Paying Part of the Cost of Refunding the Sanitary Sewer System Revenue Bonds, Series 1979
<u>DATE OF ISSUE</u>	June 1, 1998
<u>AMOUNT OF ISSUE</u>	\$ 215,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 40,000
During Current Year	<u>15,000</u> <u>55,000</u>
<u>BALANCE OUTSTANDING</u> - February 29, 2004	<u>\$ 160,000</u>

CALL PROVISIONS

Bonds maturing in the years 2006 through 2013 inclusive, are subject to call in an order determined by the village on any interest payment date after June 1, 2005, at par and accrued interest, plus a premium of 1% on those bonds called on or after June 5, 2005, but prior to June 1, 2007.

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
June 1, 2004	4.750%	\$ 15,000	\$ 3,836	\$ 18,836
December 1, 2004			3,480	3,480
June 1, 2005	4.800%	15,000	3,480	18,480
December 1, 2005			3,120	3,120
June 1, 2006	4.800%	15,000	3,120	18,120
December 1, 2006			2,760	2,760
June 1, 2007	4.800%	15,000	2,760	17,760
December 1, 2007			2,400	2,400
June 1, 2008	4.800%	15,000	2,400	17,400
December 1, 2008			2,040	2,040
June 1, 2009	4.800%	15,000	2,040	17,040
December 1, 2009			1,680	1,680
June 1, 2010	4.800%	15,000	1,680	16,680
December 1, 2010			1,320	1,320
June 1, 2011	4.800%	15,000	1,320	16,320
December 1, 2011			960	960
June 1, 2012	4.800%	20,000	960	20,960
December 1, 2012			480	480
June 1, 2013	4.800%	20,000	480	20,480
		<u>\$ 160,000</u>	<u>\$ 40,316</u>	<u>\$ 200,316</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

May 16, 2004

To the President and Village Council
Village of Kingsley
Kingsley, Michigan

During the course of our examination of the financial statements and records of the Village of Kingsley, Michigan, for the year ended February 29, 2004, we noted the following items which we would like to bring to your attention:

Equipment Rental Records

Spreadsheets are used to accumulate equipment rental hours and charges. We found numerous mistakes in posting usage information from the employee time sheets to these spreadsheets. More care should be taken in posting these amounts to insure that all funds are charged the correct amount for equipment rental.

Government Accounting Standards Board (GASB) Statement 34

GASB has issued Statement 34 which is a new accounting pronouncement. This new pronouncement will become effective for the Village for its fiscal year ending February 28, 2005. The statement requires many changes to the format of the Village's financial statements. In addition, it requires reporting on the cost and depreciation of all of the Village's fixed assets, including infrastructure assets such as roads. A record of the miles of Village roads and, if possible, the estimated date and cost of construction back to 1987 will be needed if the Village elects to apply this change retroactively. The Village has the option of only capitalizing road costs starting next year. This option is much easier to implement but has the effect of understating the net equity of the Village because it omits the cost of the roads. The state has indicated that it will continue to accept audits without fixed asset data. However, our understanding is that failure to report on fixed asset data may affect the marketability of future bond issues. We are available to assist in accumulating the data needed to comply with GASB Statement 34.

Simple Retirement Plan

The Village currently provides retirement benefits to employees through a "Simple" retirement plan. This type of plan creates some difficulty in calculating the Village contribution and limits the amount that the employees can contribute to the plan. We recommend that the Village consider changing to a Section 403(b) tax sheltered annuity plan to fund retirement benefits. Under such a plan, the Village contribution would be much easier to calculate and employees would be allowed to make much larger deferrals if they want to.

Cafeteria Plan

It is our understanding that the Village is considering requiring employees to pay a portion of their health insurance costs. We recommend that the Village adopt a Section 125 "Cafeteria" plan in order to allow employees to pay these premiums with pretax dollars. Such a plan would save the employees income and social security taxes and save the Village the employer's share of social security.

We wish to express our appreciation for the cooperation and courtesy extended to our staff by the various municipal employees during the course of our examination. In addition, we would like to thank the Village Council for giving us this opportunity to serve you. If you have any questions relative to the preceding comments and recommendations, or other areas of your annual audit, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.